

**WATER/ABJ/DON**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Branch**

**RESOLUTION W-4346  
August 8, 2002**

**RESOLUTION**

**(RES. W-4346), ALISAL WATER CORPORATION (ALCO). ORDER  
RECOGNIZING JOHN W. RICHARDSON AS THE COURT-  
APPOINTED RECEIVER OF ALCO'S SMALL SYSTEMS  
CONSISTING OF TORO WATER SERVICE, INC., MOSS  
LANDING WATER SERVICE, INC., NORTH MONTEREY COUNTY  
WATER SERVICE, INC., BLACKIE ROAD WATER SYSTEM # 18,  
SAN JERADO WATER SYSTEM, VIERRA CANYON WATER  
SYSTEM, LANGLEY/VALLE PACIFICO WATER SYSTEM, AND  
BUENA VISTA WATER SYSTEM.**

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**SUMMARY**

By an Order received on July 1, 2002, The United States District Court, for the Northern District of California, San Jose Division, appointed John W. Richardson as Equitable Receiver for some of Alco's small water systems. Alco's small systems consist of Toro Water Service, Inc., Moss Landing Water Service, Inc., North Monterey County Water Service, Inc., Blackie Road Water System #18, San Jerado Water System, Vierra Canyon Water System, Langley/Valle Pacifico Water System, and Buena Vista Water System (ALCO-Small). This Resolution recognizes John W. Richardson as the United States District Court-appointed receiver for ALCO-Small.

**BACKGROUND**

It was alleged by the United States' Environmental Protection Agency (EPA) that ALCO violated certain requirements of the Safe Drinking Water Act (Act).

Having conducted a bench trial on the allegations to determine the appropriate relief in this case; having considered the briefs submitted by the parties; in light of the defendants lengthy history of failing to provide healthful drinking water in compliance with the Act; and the clear potential for imminent violations of the Act by the defendants in the future; because of the failure of less drastic remedies to secure defendants compliance with the act in the past; in view of the broad range of equitable powers available to the U. S. District Court (Court); the Court ordered that a receiver be appointed.

## **DISCUSSION**

The Order provides that the receiver will not have to post a bond and will not be held liable for good faith efforts to operate the system.

Section 854(a) of the Public Utilities Code states:

“No person or corporation, whether or not organized under the laws of this state, shall merge, acquire, or control either directly or indirectly any public utility organized and doing business in this state without first securing authorization to do so from the commission. The commission may establish by order or rule the definitions of what constitute merger, acquisition, or control activities which are subject to this section. Any merger, acquisition, or control without that prior authorization shall be void and of no effect. No public utility organized and doing business under the laws of this state, and no subsidiary or affiliate of, or corporation holding a controlling interest in a public utility, shall aid or abet any violation of this section.”

Since the United States District Court for the Northern District of California, San Jose Division has already ruled, the Commission's only concern is the suitability of John W. Richardson to act as receiver. Mr. Richardson has acted as receiver for a Commission-regulated water system in the past. On May 31, 1995, the County of Santa Cruz Superior Court at the request of the County of Santa Cruz, on behalf of its Health Department appointed Mr. Richardson receiver for Mount Charlie Water Works (Mt. Charlie). The Commission approved the appointment by Res. No. W-3935, August 11, 1995.

Mr. Richardson was instrumental in upgrading Mt. Charlie's facilities and interconnecting the system with the Montevina Pipeline, a facility funded by Federal Emergency Management Agency after the 1989 Loma Prieta Earthquake (Res. No. W-4012, December 20, 1996).

Branch provided Mr. Richardson with copies of General Order (G.O.) 103 and G.O. 96-A. Branch mailed a copy of all of ALCO-Small's Tariff books to Mr. Richardson. Branch has been in verbal contact with Mr. Richardson on various occasions. After investigation of its actions so far, Branch believes that Mr. Richardson has the experience and capability to operate these water systems.

As the receiver, Mr. Richardson is responsible for the collection of revenues as authorized by the latest applicable Commission orders and must operate the water system in accordance with General Order 103 and the Health and Safety Code. In addition, Mr. Richardson will be responsible for protecting and replacing the physical plant as required and protecting and preserving Alco-Small's easements and property rights. Mr. Richardson may file for a rate increase in the future.

This Commission will ensure implementation of its regulatory decisions and ensure that Mr. Richardson has the resources needed to meet its public utility obligations.

Nothing in this resolution relieves the owners of ALCO-Small of any responsibility for their actions or of any liability of the company.

## **FINDINGS**

THE COMMISSION FINDS that:

1. Alisal Water Corporation (Alco) is a public utility within the jurisdiction of the Commission.
2. The United States District Court for the Northern District of California, San Jose Division has appointed Mr. John W. Richardson as receiver of ALCO-Small, which consists of Toro Water Service, Inc., Moss Landing Water Service, Inc., North Monterey County Water Service, Inc., Blackie Road Water System #18, San Jerado Water System, Vierra Canyon Water System, Langley/Valle Pacifico Water System, and Buena Vista Water System.

3. John W. Richardson should be authorized to operate ALCO-Small, which consists of Toro Water Service, Inc., Moss Landing Water Service, Inc., North Monterey County Water Service, Inc., Blackie Road Water System #18, San Jerado Water System, Vierra Canyon Water System, Langley/Valle Pacifico Water System, and Buena Vista Water System for the good of its customers and in accordance with all regulations and requirements of the California Public Utilities Commission.

**IT IS ORDERED that:**

1. John W. Richardson shall assume responsibility for operating and preserving ALCO-Small which consists of Toro Water Service, Inc., Moss Landing Water Service, Inc., North Monterey County Water Service, Inc., Blackie Road Water System #18, San Jerado Water System, Vierra Canyon Water System, Langley/Valle Pacifico Water System, and Buena Vista Water System's facilities under Section 854(a) of the Public Utilities Code.
2. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 8, 2002; the following Commissioners voting favorably thereon:

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WESLEY M. FRANKLIN  
Executive Director